

Message Text

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65

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-02 PRS-01 SS-15 FEA-01 ERDA-07 STR-04 OES-05

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R 240655Z OCT 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4055

INFO AMEMBASSY ABU DHABI

AMEMBASSY MANAMA

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KABUL

AMEMBASSY LONDON

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

USDOC WASHDC

USINT BAGHDAD

UNCLAS TEHRAN 10444

E.O.11652: N/A

TAGS: BEXP, EIND, IR

SUBJ: PRIME MINISTER ADDRESSES IRAN-AMERICAN CHAMBER OF COMMERCE

REF: TEHRAN 10048

1. PRIME MINISTER AMIR ABBAS HOVEYDA ACCEPTED A LONG-STANDING
INVITATION FROM IRAN-AMERICAN CHAMBER OF COMMERCE AND ADDRESSED
MEMBERS OF THE IACC AND THEIR WIVES ON THE EVENING OF OCTOBER 22.

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ONCE AGAIN HE STRESSED THE GOVERNMENT'S COMMITMENT TO A MIXED
ECONOMY AND THE GOVERNMENT'S DETERMINATION TO ASSIST THE PRIVATE

SECTOR IN EVERY WAY IT COULD. HE SAID THAT "THE GOVERNMENT CANNOT AND SHOULD NOT DO EVERYTHING BECAUSE THE PRIVATE SECTOR HAS HISTORICALLY OPERATED SUCCESSFULLY IN MANY AREAS." HE CONCEDED THAT BOTTLENECKS STILL EXIST IN THE IRANIAN ECONOMY BUT THAT "WE WOULD INFINITELY PREFER TO HAVE GROWTH WITH BOTTLENECKS THAN TO HAVE NO BOTTLENECKS AND NO GROWTH."

2. TURNING TO THE SUBJECT OF THE REQUIREMENT THAT MANUFACTURING ENTERPRISES SELL 49 PERCENT OF THEIR SHARES TO THE PUBLIC, THE PRIME MINISTER CHARACTERIZED THIS GOI MEASURE AS A MEANS OF INSURING THAT "THE VALUES OF IRANIAN PROSPERITY ARE SHARED EQUITABLY BY ALL." HE GAVE A BRIEF RECAPITULATION OF THE MAXIMUM PERMISSIBLE EQUITY WHICH FOREIGNERS MAY OWN IN IRANIAN COMPANIES, NOTING THAT 35 PERCENT CEILING WOULD BE PERMITTED ONLY WHEN HIGH TECHNOLOGY IS INVOLVED.

3. AS ON PREVIOUS OCCASIONS, THE PRIME MINISTER HAD SOME WORDS ON THE SUBJECT OF UNETHICAL PRACTICES AND CORRUPTION. WHILE THE GOVERNMENT HAS NO OBJECTION TO PAYMENTS BY COMPANIES FOR LEGITIMATE SERVICES, HE SAID THAT ILLEGAL PAYMENTS WOULD NOT BE TOLERATED. NOTING THAT A RESOLUTION HAS BEEN INTRODUCED IN THE U.S. CONGRESS REGARDING SUCH PRACTICES, HE SAID THAT IRAN AND THE U.S. COULD ACT TOGETHER ON THIS ISSUE AT THE INTERNATIONAL LEVEL. FOREIGN COMPANIES DOING BUSINESS WITH THE GOVERNMENT, HE SAID, WILL BE REQUIRED TO DIVULGE ALL PAYMENTS MADE TO OBTAIN CONTRACTS. SUPPLYING FALSE INFORMATION WILL BE REGARDED AS A CRIMINAL OFFENSE." HE ADDED THAT A REPORT BY SPECIAL GOVERNMENT INVESTIGATING COMMITTEE WILL BE RELEASED WITHIN A DAY WHICH WOULD SHOW THAT UNUSUAL AND PROBABLY ILLEGAL PAYMENTS WERE MADE IN CONNECTION WITH THE WORK DONE BY THE FOUR MEMBER CONSORTIUM WORKING ON IRAN'S COMMUNICATIONS NETWORK. (THE EMBASSY HAS RECEIVED A COPY OF THIS REPORT AND WILL POUCH IT TO WASHINGTON.)

4. TURNING TO THE SUBJECT OF U.S. LEGISLATION WHICH EXCLUDES OPEC COUNTRIES FROM BENEFITS OF GENERALIZED SYSTEM OF PREFERENCE, HE SAID, THAT IRAN FEELS "DEEP CONCERN OVER THIS EXCLUSIONARY LEGISLATION. WHILE IRAN DOES NOT HAVE ANY GREAT HOPE FOR TH GSP AS SUCH, HE DEPLORED, "THE ATTITUDE
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BEHIND THIS U.S. LEGISLATION AS IT AFFECTS A COUNTRY FRIENDLY TO THE U.S."

5. COMMENT: THE PRIME MINISTER'S SPEECH CONTAINED NO SURPRISES AND IN FACT WAS IN LARGE MEASURE A REHASH OF HIS REMARKS REPORTED IN REFTEL. AS PREVIOUS REPORTING HAS INDICATED, THE IRANIAN AND FOREIGN BUSINESS COMMUNITIES VIEW THE PREVAILING BUSINESS CLIMATE QUITE PESSIMISTICALLY. IF ANY OF THE BUSINESSMEN AT THE BANQUET EXPECTED SOME RELIEF IN THE PRIME MINISTER'S SPEECH, THEY CAN ONLY HAVE BEEN DISAPPOINTED.

MIKLOS

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